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The Woodlands Township Proposed Annual Budget Fiscal Year 2012

August 11, 2011

www.thewoodlandstownship-tx.gov

The Woodlands Township Service Center • 2201 Lake Woodlands Drive • The Woodlands, Texas 77380

What Topics will be Covered in the Presentation?

- ✓ Current Financial Condition
- ✓ 2012 Budget Process
- ✓ 2012 Budget Plan
 - Overview of Consolidated Budget
 - Revenue Sources
 - Expenditures
 - Debt Service Requirements
 - Capital Projects
- ✓ Calendar / Budget Decisions

What is The Woodlands Township's Current Financial Condition?

The Woodlands Township is in excellent financial condition as evidenced by:

- ✓ A strong business climate that produces substantial sales tax and room tax revenue
 - approximately 50% of total revenues
 - reduces property tax requirements
- ✓ Ability to maintain and enhance service levels at the same or lower property tax rate

Current Financial Condition

Bond Ratings provide evidence of financial strength:

- A+ - Standard & Poor's
- A2 – Moody's

Indicates Township's bonds are of excellent investment quality

Rating agencies commented on the Township's:

- Prudent fiscal management
- Strong and sustained tax base growth
- Substantial reserve balances

Current Financial Condition

Established reserve balances for:

- Operating Reserve (20% of operating revenues) (\$17.0 m)
- Capital Replacement Reserve (\$5.0 m)
- Economic Development Reserve (\$3.1 m)
- Self-funded Health Insurance Reserve (\$0.8 m)
- Debt Service Reserve (\$3.2 m)

Total Reserve Balances are approximately \$29.1 million

Current Financial Condition

Due to the types of benefit plans that have been implemented, the Township has:

- ✓ NO unfunded pension costs
- ✓ NO unfunded retiree health insurance costs
- ✓ NO large vacation or sick leave balances to be paid out

2012 Budget Process

2012 Budget Process

The Township has an important responsibility to its citizens to:

- ✓ Carefully account for public funds
- ✓ Manage finances wisely
- ✓ Plan for adequate funding of services desired by the citizens

Requires a comprehensive budget development process

2012 Budget Process

Comprehensive Budget Process:

- ✓ Year-long budget process with focus April - August
- ✓ Seek resident input through Board meetings, Town Hall meetings, public hearings, and periodic surveys
- ✓ Board of Directors Strategic Planning sessions
- ✓ 4 – 5 Budget Workshops
- ✓ Compare actual revenues and expenditures to budget in monthly financial report

2012 Budget Process

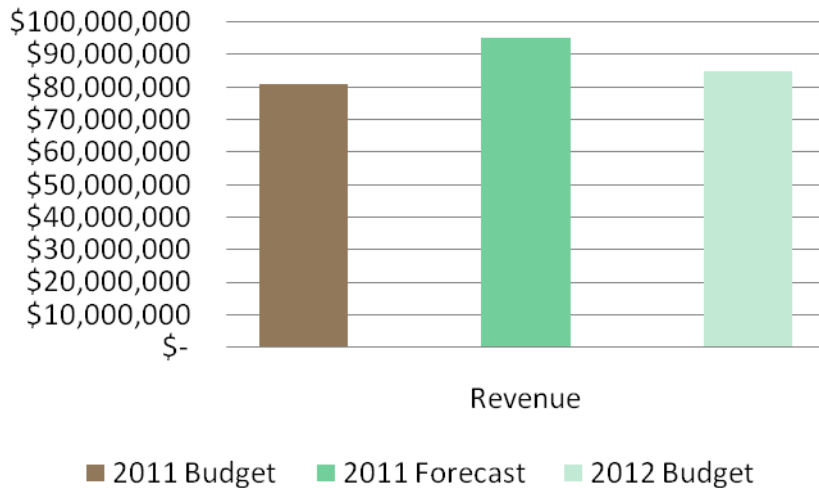
Budget Objectives include:

- ✓ Provide high quality, cost effective services and amenities that align with the Township's Strategic Plan
- ✓ Preserve the Township's strong financial position
- ✓ Promote economic development
- ✓ Accommodate residential and commercial growth
- ✓ Meet public safety needs of the community
- ✓ Provide well-maintained facilities & amenities for public use
- ✓ Maintain appropriate levels of reserves
- ✓ No increase in tax rate

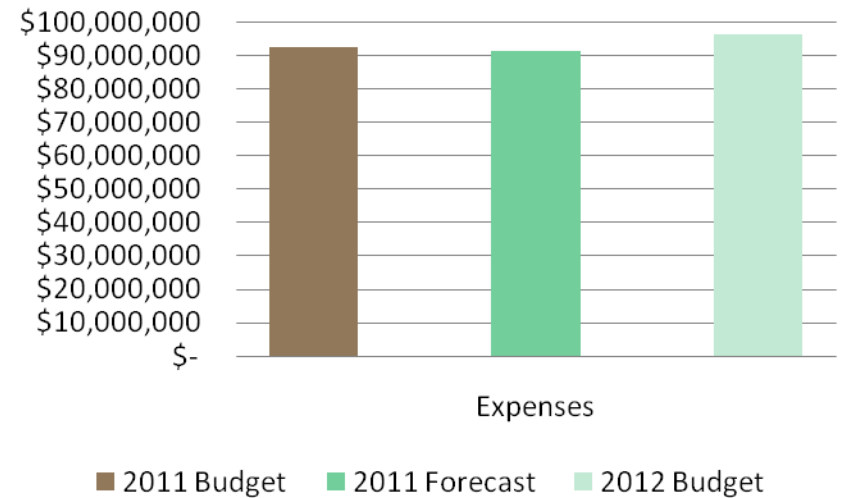
Overview of Consolidated Budget

Consolidated Budget

Total Revenues
2012 = \$85.0 million



Total Expenditures
2012 = \$96.5 million

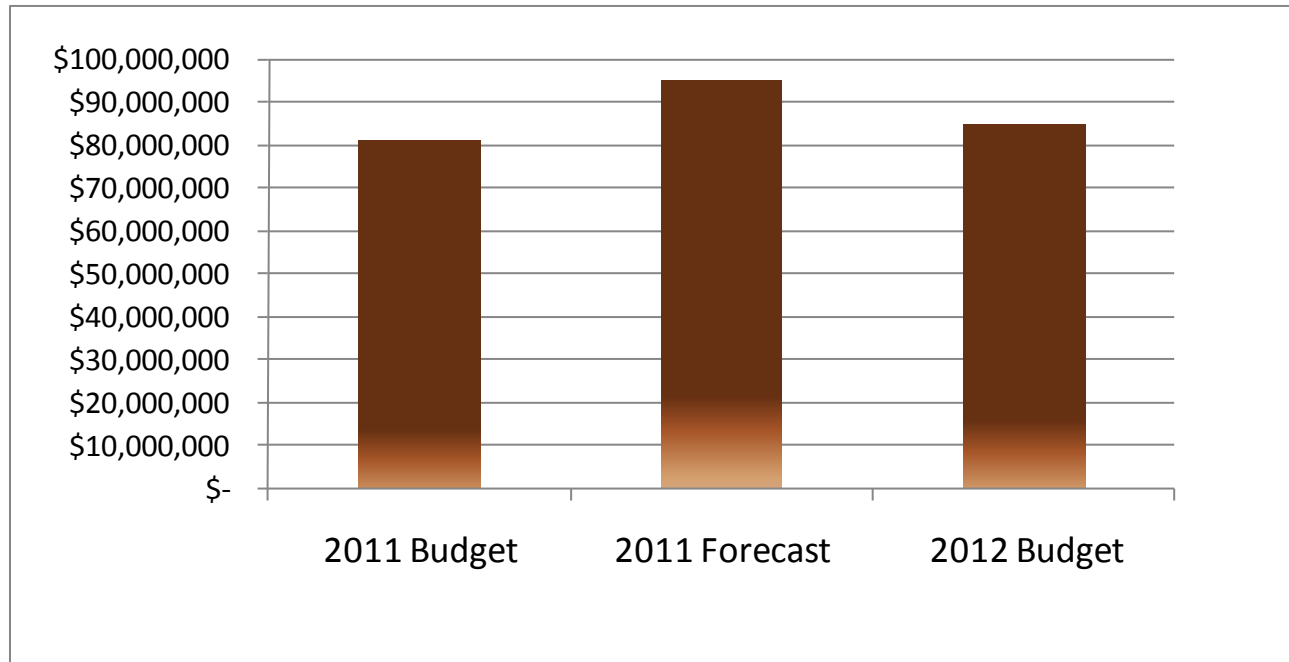


Note: \$ 13.3 million of expenditures will be funded from bond proceeds received in previous budget year

Revenue Sources

Total Revenues

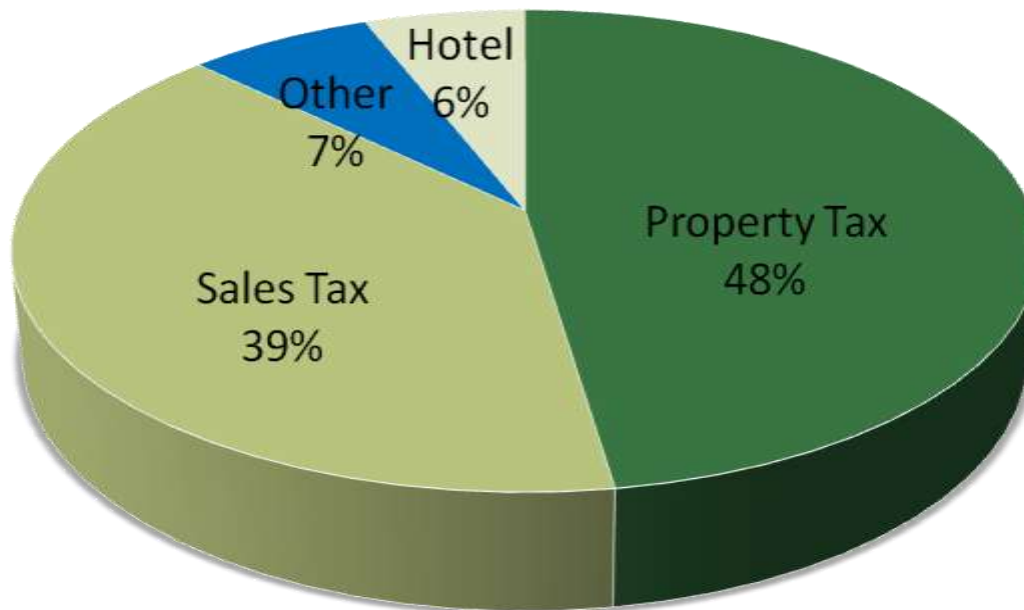
2011 Budget	2011 Forecast	2012 Budget	% Change
\$81,025,895	\$95,228,978	\$85,025,989	4.9%



2011 Forecast includes \$13 million in bond proceeds

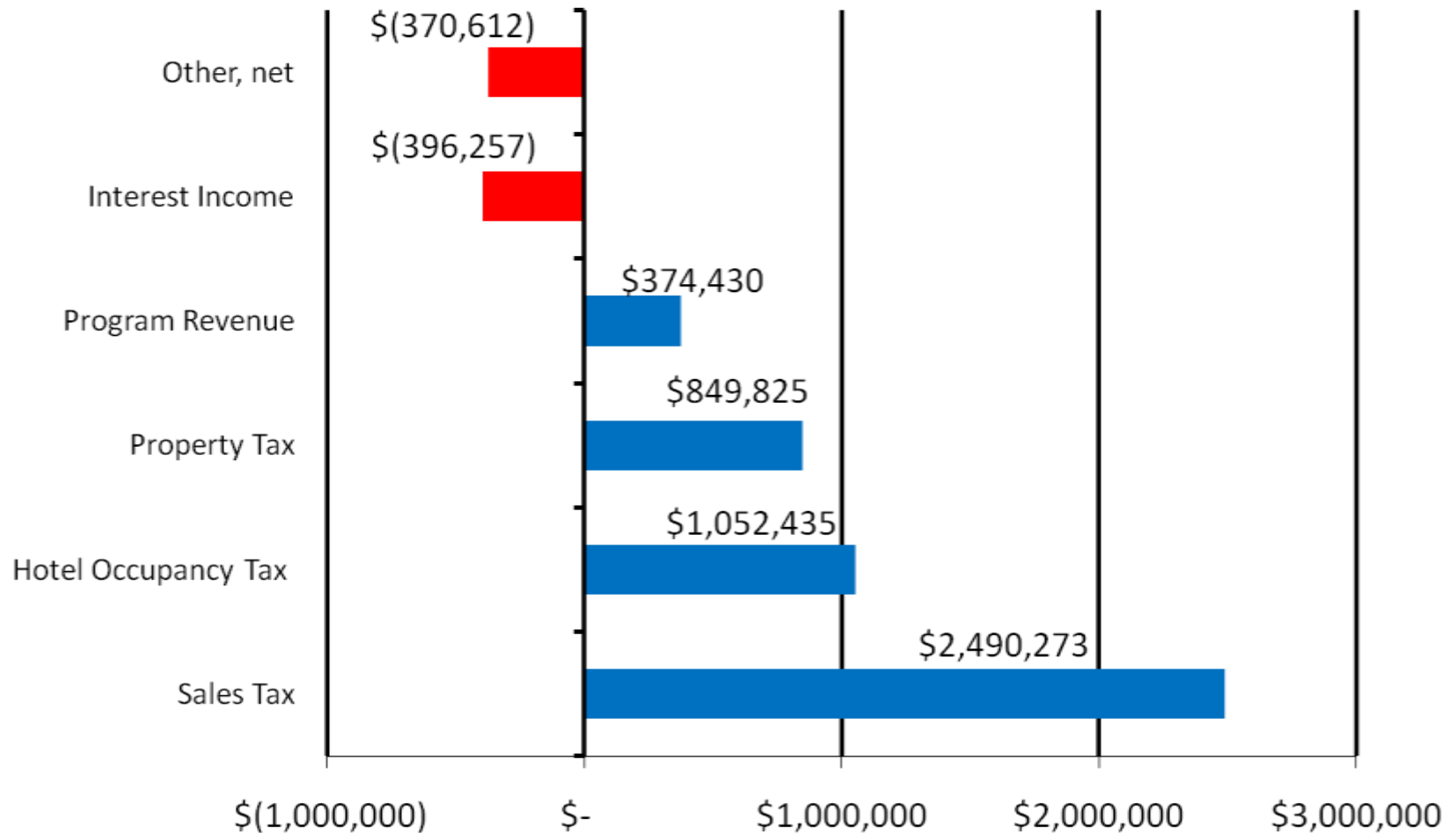
Revenue by Type

2012 Revenue - \$85,025,989



Consolidated Revenues

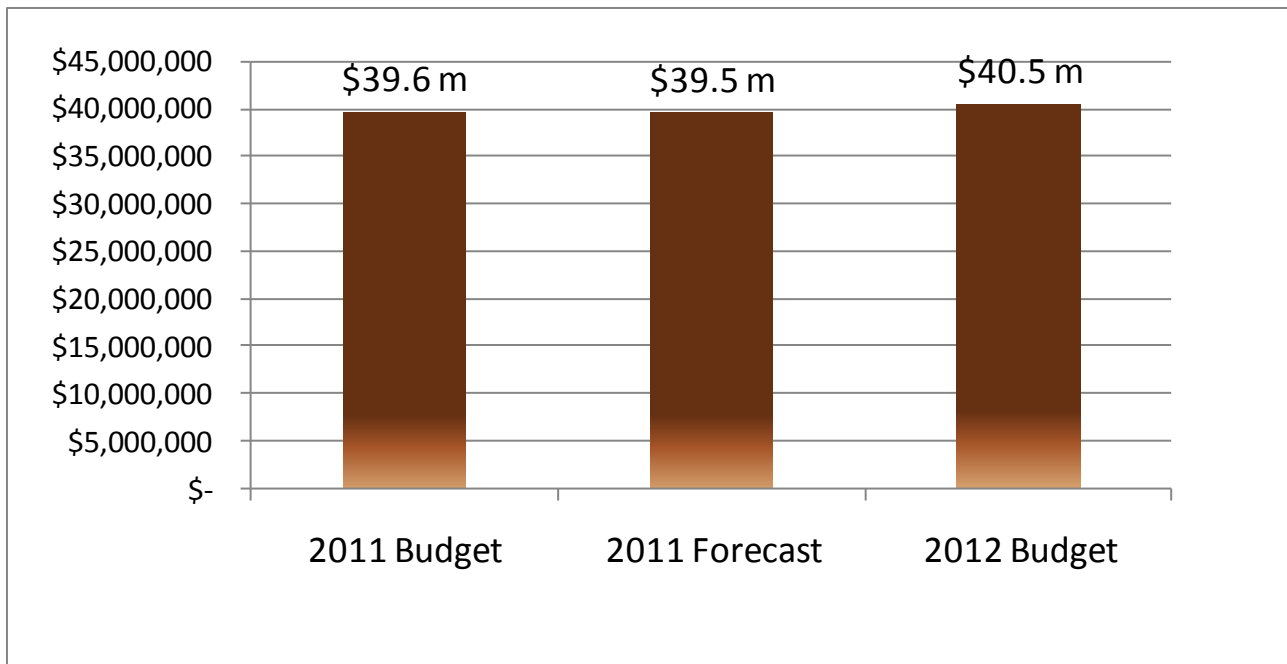
2012 Revenue Increase - \$4,000,000, 4.9%



Property Tax Revenue

Taxable Property Base = \$12.5 Billion (\$12.0 Billion for 2011)

Proposed Tax Rate = 32.5 cents (32.74 cents for 2011)



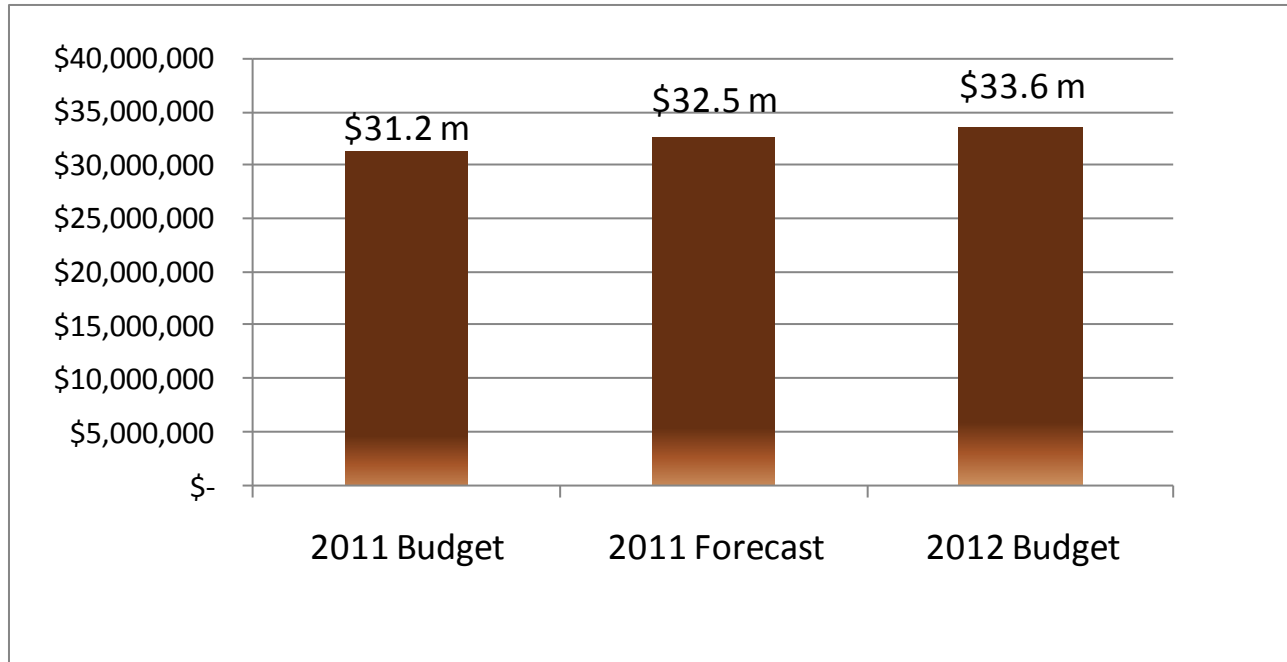
2011 Forecast to 2012 Budget Increase = 2.4%

Proposed Property Tax Rate

Services	
General Government	\$0.0449
Law Enforcement	0.0713
Parks and Recreation	0.0600
Community Services	0.0765
Community Relations	0.0072
Transportation	-
Economic Development	-
The Woodlands Fire Department	-
Convention & Visitors Bureau	-
Regional Participation	-
Total for Services	\$0.2599

Capital, Debt, and Other	
Capital Outlay	0.0274
Debt Service	0.0241
Capital and Operating Reserve	0.0136
Total for Capital, Debt, and Reserves	\$0.0651
Total Tax Rate	\$0.3250

Sales Tax Revenue



2011 Forecast to 2012 Budget Increase = 3.6%

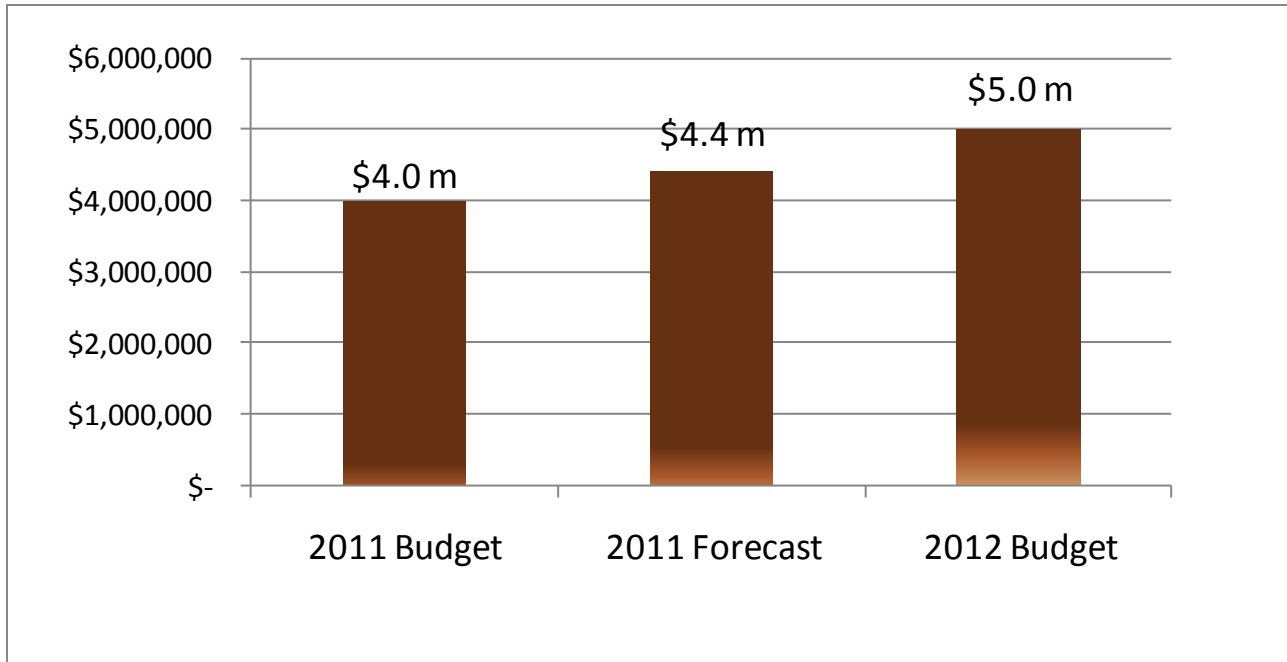
Sales Tax Revenue

Taxing Entity	Sales Tax Rate	Sales Tax Revenue - 2012
State of Texas	6.25%	n/a
The Woodlands Township	1.00%	\$ 16,849,482
Township Economic Dev Zone	1.00%	16,796,453
Total	8.25%	\$ 33,645,935

How will revenue generated from sales tax collections be used?

- ✓ The Woodlands Fire Department - \$17.5 million
- ✓ The remaining funding from the sales tax collections (approximately \$16.1 million) will be used to fund the following:
 - Regional Participation Agreement funding / Houston and Conroe debt service and annual payments
 - Office building debt service
 - Economic Development Zone project payments
 - Town Center security
 - Convention and Visitors Bureau
 - Community event promotion
 - Economic development promotion
 - Public transportation
 - Approximately 28% of community services costs

Hotel Occupancy Tax Revenue



2011 Forecast to 2012 Budget Increase = 15.4%

Hotel Occupancy Tax

Entity	Tax Rate	Tax Revenue - 2012
State of Texas	6%	n/a
The Woodlands Township	7%	\$ 3,930,620*
Convention & Visitors Bureau	2%	1,123,034
Total	15%	\$ 5,053,654

* Dedicated to debt service for Convention Center and Regional Participation Agreement.

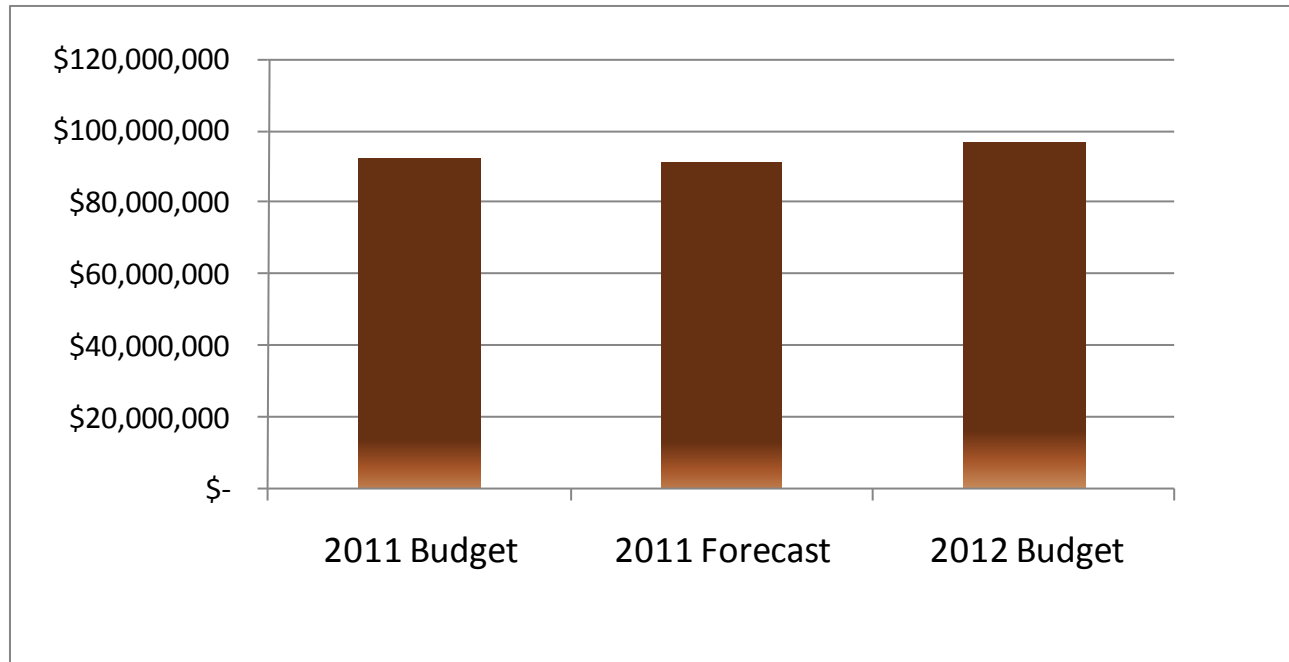
Other Revenue Sources - 2012

- ✓ Programs Revenues - \$3,757,730
 - ✓ Recreation
 - ✓ Aquatics
 - ✓ Convention & Visitors Bureau
- ✓ Interest Income - \$720,159
- ✓ Administrative Fees - \$347,100
- ✓ Fire Department/Dispatch Service Contracts - \$448,500
- ✓ Other Income - \$553,953

Expenditures

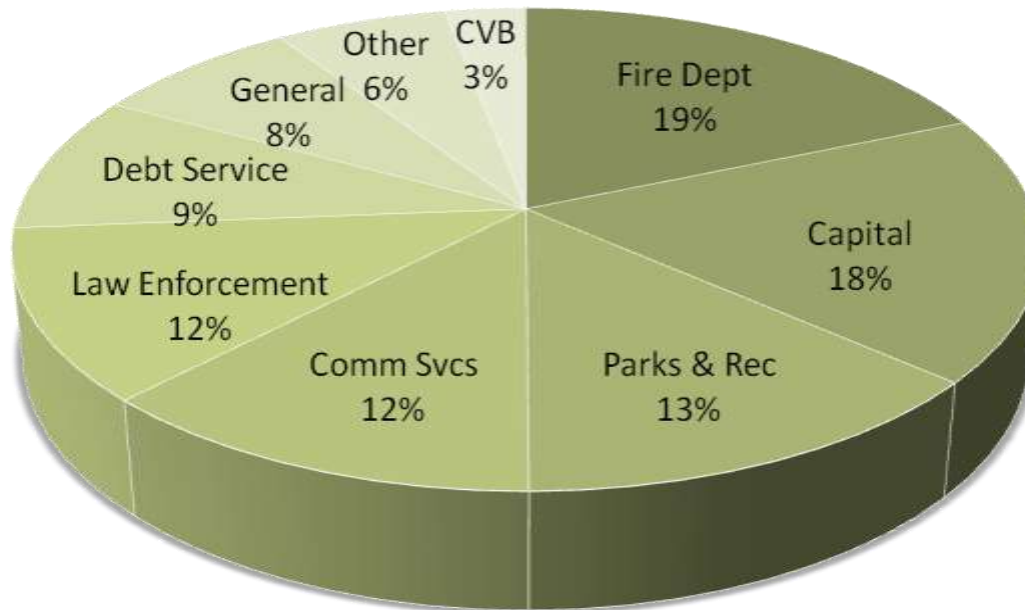
Total Expenditures

2011 Budget	2011 Forecast	2012 Budget	% Change
\$92,360,471	\$91,219,865	\$96,533,107	4.5%



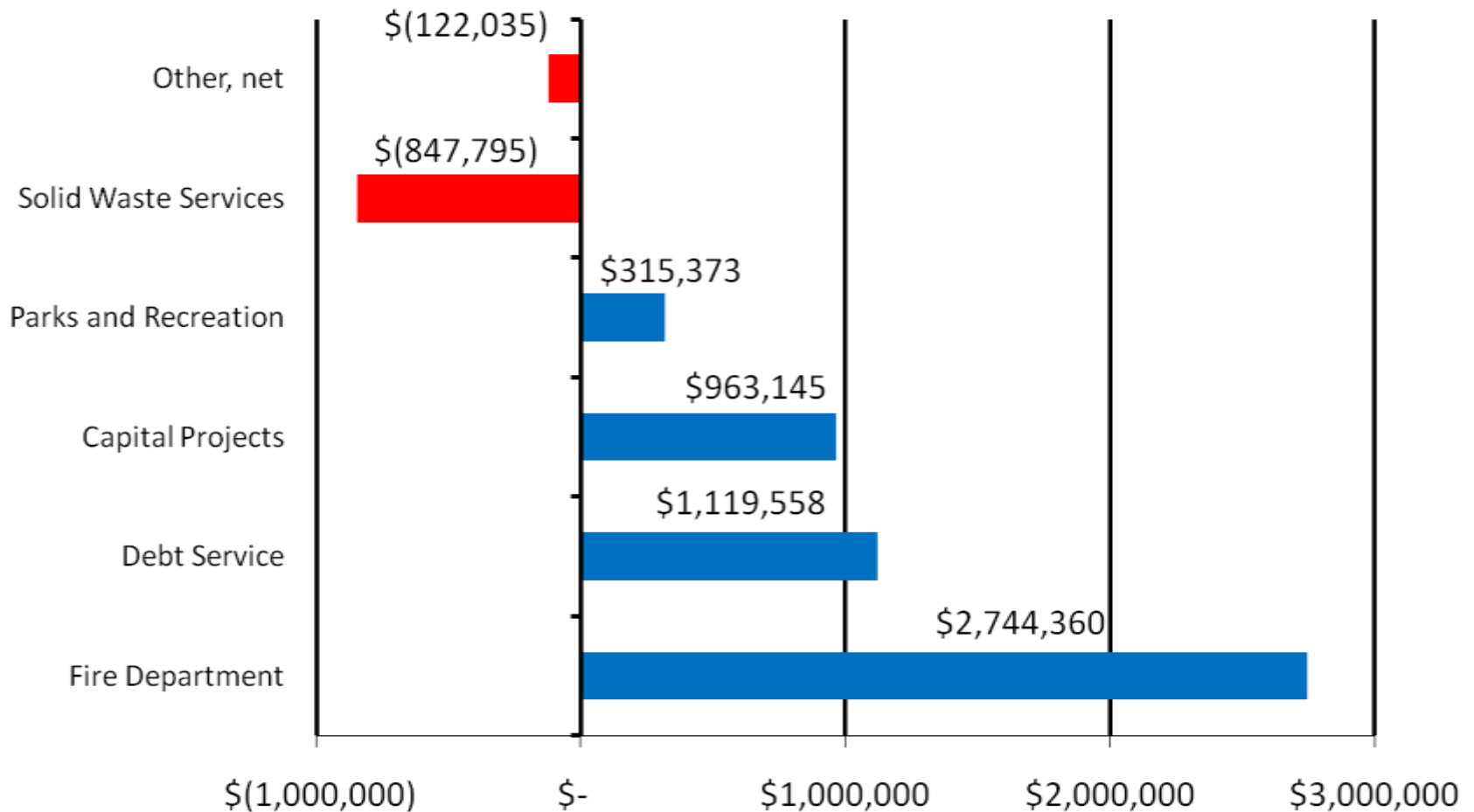
Where the Money Goes by Department/Program

2012 Expenditures - \$96,533,107



Consolidated Expenditures

2012 Cost Increase -\$4,173,000



Fire Department

	2011 Budget	2012 Budget	\$ Increase	% Increase
Total Expenditures	\$15.2 million	\$17.9 million	\$2.7 million	18.0%

Salaries & Benefits: \$2.5 million

- 15 additional firefighters (opening of Station 7)

- 2 additional dispatchers (cost offset by contract proceeds)

- Full year costs for 6 firefighters hired mid-year 2011

- Salary & benefits adjustments for existing staff

Facility Expenses: \$115,000

Equipment/Vehicle Expenses: \$80,000

- Station 8 (August 2011)

- Station 7 (1st Quarter 2012)

Law Enforcement Services

2012 Budget = \$10.6 million

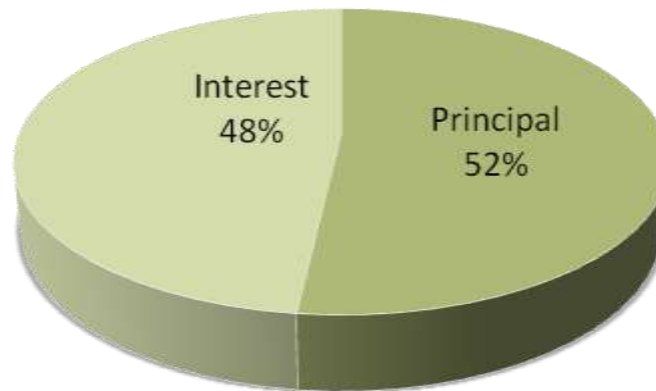
- ✓ Montgomery County Sheriff's Office
 - ✓ 2011: 80 contract personnel currently
 - ✓ 2012: 3 additional personnel
 - ✓ 2014: 3 additional personnel
- ✓ Harris County Constable's Office
 - ✓ 2011: 1 contract personnel currently
 - ✓ 2012: 2 additional personnel (@mid-year)
 - ✓ 2013: 3 additional personnel (@mid-year)
 - ✓ Provides for a fully staffed community policing zone by 2013

Debt Service Requirements

Debt Service Fund

Total debt service for 2012 is \$8,916,220

Bond Issuance	Debt Service	Outstanding Balance
Convention Center	\$3.4 million	\$40.3 million
Regional Participation	\$1.4 million	\$16.4 million
2010/2011 Bonds (Parks/Fire Dept)	\$3.0 million	\$47.0 million
Office Building	\$1.1 million	\$12.2 million



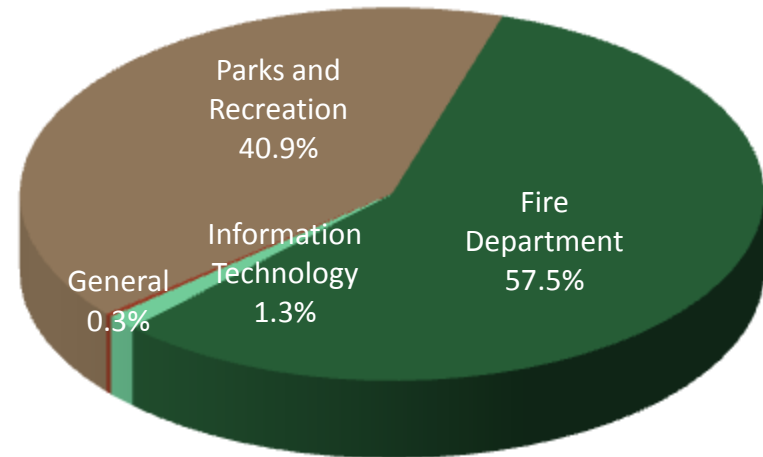
Capital Projects

Capital Projects Fund

The Capital Projects Fund accounts for the resources accumulated and payments made for the acquisition or construction of capital projects and equipment. Resources are derived from General Fund allocations or debt proceeds.

Capital Projects

Department	Amount
Parks and Recreation	\$ 7,053,525
Fire Department	9,903,500
Information Technology	228,500
Other	50,000
Total	\$ 17,235,525



The 2012 capital budget includes \$13,330,000 of assets to be funded by bond proceeds. This is related to the construction of Central Fire Station, the purchase of two ladder trucks, and new development parks and pathways.

Capital Projects

Parks and Recreation

	2012 Budget
New Development – Creekside*	\$2,692,000
Recreational Amenities Development	\$1,500,000
New Development – Town Center*	\$1,438,000
Park Improvements	\$434,440
Aquatic Facilities Improvements	\$293,000
Pathway Improvements	\$265,385
Vehicles/Equipment	\$164,300
Signs	\$124,000
Lake/Pond Improvements	\$70,000
Other	\$72,400
Total	\$7,053,525

*\$4.1 million funded with bond proceeds

Park Needs Assessment – Proposed Funding

- ✓ Parks and Recreation Needs Assessment identifies a number of options for potential development of sports fields and competitive aquatic facilities
 - ✓ These options (if developed) are costly and will require a substantial future commitment from The Woodlands Township (and others)
- ✓ The 2012 budget recommendation includes \$1.5 million in annual funding that could be committed to future development of these projects
 - ✓ Allow Township staff to develop a long range project plan/consider support that can be raised from other entities and organizations for sports fields and/or aquatic facilities
 - ✓ Consider annual appropriation or look at more comprehensive project plan if the annual appropriation were used as debt service to amortize a debt issuance
- ✓ Any proposed issuance of debt would require future voter authorization

Capital Projects Fire Department

	2012 Budget
Central Station*	\$7,100,000
Ladder Trucks*	\$2,100,000
Firefighting/Emergency Equipment	\$419,000
Brush Truck	\$125,000
Computer Hardware/Software	\$104,500
Rescue Boat	\$30,000
Station Improvements	\$25,000
Total	\$9,903,500

*\$9.2 million funded with bond proceeds

Calendar/Budget Decisions

Next Steps

- ✓ August 24: Adopt 2012 Budget / 2011 Property Tax Rate
 - ✓ Time: 9:00AM Location: Board Chambers

Please visit website for additional information

www.thewoodlandtownship-tx.gov